

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2407 – Wage Benefit Tax Credit Repeal and Appropriation (LSB 6619 SV)
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Fiscal Note Version – New

Description

Senate File 2407 repeals the current Wage Benefit Tax Credit found in Chapter 15I, Code of Iowa. The Bill also appropriates \$4.0 million from the State General Fund to the Department of Workforce Development for FY 2009. The appropriation is to be used for Workforce Development field offices.

Background

The Wage Benefit Tax Credit was created in HF 868 (Iowa Values Fund Act of 2005). The Credit was originally capped at \$10.0 million per year but was reduced to \$4.0 million per year during the 2007 Session. Subject to availability, the Credit is available for non-retail, non-service sector jobs created in Iowa. Jobs that received benefits through the Iowa Values Fund or the High Quality Job Creation Program are not eligible for the Credit. Once qualified, the Credit is available for up to five years for the same job. The tax credit is refundable.

The Credit equals a percentage of the salary and benefits paid to a qualified job position. The maximum credit available equals:

- Five percent for jobs with total wages and benefits paid in excess of 130.0% of the average county wage, not including benefits.
- Ten percent for jobs with total wages and benefits paid in excess of 160.0% of the average county wage, not including benefits.

Credit claims meet or exceed the current \$4.0 million per year.

Fiscal Impact

Repealing Chapter 15I, Code of Iowa, effective July 1, 2008, will reduce tax credits claimed in FY 2009 and future fiscal years by \$4.0 million.

Senate File 2407 appropriates \$4.0 million from the State General to the Department of Workforce Development for FY 2009.

Sources

Department of Revenue

/s/ Holly M. Lyons

April 8, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
